

BUDGET WEEK

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HOUSE COMMITTEE ON THE BUDGET
Majority Caucus

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Summarizing budgetary issues in legislation
scheduled for the House floor

16 July 2001

Week of 16 July 2001

SUSPENSION CALENDAR

1) ***The Iran-Libya Sanctions Act of 2001*** (H.R. 1154).

This bill does not increase direct spending and is consistent with the budget resolution.



2) ***A bill to honor Paul D. Coverdell*** (S. 360)

This bill does not increase direct spending and is consistent with the budget resolution.



LEGISLATION CONSIDERED UNDER A RULE

Bill: ***The Community Solutions Act of 2001*** (H.R. 7).



Committees: Judiciary and Ways and Means

Summary: H.R. 7 – which is related to the President's faith-based initiative – establishes guidelines for religious organizations to receive Federal funds for providing social services. It also would reduce certain taxes related to charitable contributions, totaling \$4.46 billion over the 2002-2006 period, and \$13.30 billion over the 2002-2011 period.

Budget Act: The bill does not increase direct spending. The reduction in revenue is within the levels permitted by the budget resolution; hence, the measure will not violate section 311 of the Congressional Budget Act, which prohibits considering a bill that reduces projected revenue below the budget resolution floor in the first year and over 5 years.

Bill: ***Proposing an Amendment to the United States Constitution to Authorize Congress to Prohibit the Physical Desecration of the Flag*** (H.J.Res. 36).



Committee: Judiciary

Summary: The amendment itself does not prohibit flag desecration. It authorizes Congress to enact legislation to prohibit the physical desecration of the flag and establishes boundaries within which Congress may legislate.

Budget Act: This proposed amendment has no budgetary implications.

Bill: ***Foreign Operations Appropriations Act***

Committee: Appropriations



Summary: The Appropriations Committee had not released the Congressional Budget Office [CBO] estimate of this bill as of the preparation of this account.

Budget Act: This appropriations act contains no emergency designations or advance appropriations.

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PLEASE NOTE: This document addresses budgetary issues only. It should not be taken to express support or opposition on any other grounds. A green flag indicates no serious budgetary or budget compliance concerns. A yellow flag indicates moderate or potential problems. A red flag indicates serious problems.

This document was prepared by the majority staff of the House Committee on the Budget. It has not been approved by the full committee and may not reflect the views of all the committee's members.

Bill:	<i>Commerce-State Appropriations Act</i>	
Committee:	Appropriations	
Summary:	The measure provides \$38.45 billion in new discretionary budget authority [BA] and \$38.90 billion in discretionary outlays for 2002.	
Budget Act:	This appropriations act is within the 302(b) allocation issued pursuant to the Congressional Budget Act, and is consistent with the budget resolution. It contains no emergency designations. It does include \$100 million in budget authority in advance appropriations, but this is consistent with the amount permitted in the budget resolution.	
Bill:	<i>Disapproving Normal Trade Relations with the People's Republic of China</i>	
	(H.J.Res. 50).	
Committees:	Judiciary and Ways and Means	
Summary:	This legislation would disapprove the extension of the President's authority under the Trade Act of 1974 to waive China's ineligibility to receive nondiscriminatory treatment (normal trade relations) and credit extensions because of its restrictions on freedom to emigrate.	
Budget Act:	Although CBO has yet to complete a formal cost estimate, the denial of nondiscriminatory trade relations to the People's Republic of China is expected to increase tariff rates imposed on China's exports to the United States, which would increase U.S. prices and decrease U.S. demand. The higher tariffs would not fully offset the loss in customs duties resulting from the decline in imports from China, but an expected increase in trade from other countries would likely more than compensate for this effect. Therefore, although this analysis is preliminary, the legislation should be consistent with the budget resolution and not subject to Budget Act points of order.	

ON THE HORIZON

Patients' Protection Legislation

H.R. 2315, the Patients' Bill of Rights Act of 2001, may be brought to the floor in the next several weeks. This bill contains new coverage requirements on health plans, allows new causes of action against health plans, and contains certain provisions to increase access to health care. New coverage requirements relate to a point-of-service option, emergency and post-stabilization care, specialty care, Ob/Gyn and pediatric care, clinical trials, prescription drugs, and continuity of care, among others. New causes of Federal action allow for unlimited economic damages, noneconomic damages of up to \$500,000, and no punitive damages. The access provisions repeal restrictions on Medical Savings Accounts [MSAs] and establish rules concerning Association Health Plans [AHPs]. Estimates of its spending effects are not yet available, but the Committee on Energy and Commerce – which has primary jurisdiction – likely has sufficient room in its allocation to accommodate the legislation.

Meanwhile, the Joint Committee on Taxation [JCT] has estimated that because employers are likely to pass along the effects of mandates in the legislation through lower employment levels and restrained salaries, the legislation reduces projected revenue estimates by \$120 million in 2002, and by \$1.8 billion in 2002 through 2006. Nevertheless, projected revenue would remain above the levels provided for in the budget resolution, both in 2002 and over the 5-year period. Because it is not offset by corresponding revenue increases or spending reductions, however, this amount would be added to the balances currently on the pay-as-you-go [PAYGO] scorecard.

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A major alternative is H.R. 526, the Bipartisan Patient Protection Act of 2001. It also contains certain new coverage requirements on health plans, but differs from H.R. 2315 in terms of its liability provisions. Economic and noneconomic damages for Federal action under the bill are uncapped, and the bill would allow civil assessments of up to at \$5 million.

This bill reduces projected revenue estimates by \$239 million in 2002, and \$1.49 billion over 2002 through 2006. As with the previous bill, it could be accommodated by the current level of revenue and would be consistent with the budget resolution. The JCT has also estimated, however, that the bill will reduce revenues in the current year, 2001 by a nominal amount related to MSAs. Because this year's revenues already are below the levels provided for in the budget resolution, any further reduction, no matter how small, will subject legislation to a point of order under section 311 of the Congressional Budget Act, which reduces revenue estimates below the floor provided in the budget resolution.

Prepared by The House Committee on the Budget